

SAPC 5387

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**SECRET**

October 28, 1955

CMCC Doc. No. 151.719

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Dear George:

I am not sure whether you wish to approve the larger dollar value purchases of components that we are making for the production of System No. 1 equipment, or whether you wish only to approve the substantial dollar purchases under the research and development program. If the former is correct, and I am inclined to assume that it would be, we should like to advise you that we have placed our Purchase Order No. 9790 to [redacted] to cover the procurement of 51 each of the magnetic recording and erase heads required for the System No. 1 recorders, and for 52 playback heads. This order represents substantially less than half the total number required for fulfillment of our contractual commitments.

The amount of Purchase Order No. 9790 totals \$12,533.25. This covers the procurement of:

- 51 Record Heads, Type 50401421 at \$107.00 each
- 51 Erase Heads, Type 50401420 at \$28.75 each
- 52 Playback Heads, Type 50401422 at \$110.00 each

The prices above were quoted to us on lots of 51 through 200 heads of each kind indicated.

A quotation dated September 22, 1955 was received from [redacted] for the same items of equipment. They quoted a flat rate of \$96.00 on each head type, making their total price for a set of three heads \$42.25 higher than the [redacted] price.

Bids were requested also from [redacted] Enterprises on May 16, 1955, from [redacted] on May 11, and from [redacted] on June 2, 1955. None of these companies wished to bid on the heads. A bid is currently in preparation by the [redacted], covering the remainder of our requirements. At present, it is uncertain whether [redacted] will be able to submit a bid and supply a prototype at a date early enough to permit consideration of that company as a second source.

In view of the data provided above, we should like to secure your approval for the purchase order issued to the [redacted] Company.

Sincerely,

*Burt*  
Burt

*Approved by*  
*Eric T. [unclear]*

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